10 Secrets Your Long-Term Care Salesperson Won't Tell You!

1. Don't ask me this question.
2. The more you buy, the more money I make.
3. I recommend insurance companies that pay me more.
4. The company can raise the premium on your policy.
5. This insurance company is new at this.
6. What you don't know will hurt you.
7. You can save 15% to 30% without changing policies.
8. Your premiums are deductible…if you are unlucky.
9. There is a simple way to compare Long-Term Care policies.
10. Tell me how Medicaid Planning works to protect our assets.

I *"Don't ask me this question."*

It has become apparent that Seniors will have to take care of themselves when it comes to Nursing Home, Assisted Living, or In Home Care. Many Senior advocates have stated that Long-Term Care is the #1 crisis facing Seniors today. We are getting calls weekly and sometimes daily by people wanting to sell us insurance.

Who do your trust? Who can help you with this dilemma? Can your stockbroker? Can your life insurance salesman? Can the guy who keeps calling on the phone?

There is one question that you can ask any of these people to determine if they are the person to work with.

"What are the last 3 books you've read on Seniors issues?"

If they cannot rattle off the names of 3 books immediately, go elsewhere. Long-Term Care planning requires specialized knowledge. Only work with someone that has committed time, effort, and study to Long-Term Care.

II *"The more you buy, the more money I make."*

The more insurance you buy, the more it is going to cost you. Because the policies have many variable features, agents who sell them usually can come up with a wide range of premium quotes, and often hit on one that fits a buyer's budget. **Don't buy insurance that fits your budget! Invest in insurance that protects your needs!** "If a salesperson knows what you can spend, then he or she may end up selling you… a policy that's not appropriate." Says Priscilla Itscoitz, manager of health insurance counseling program for the United Seniors Health Cooperative.

If you are able and willing to cover a small portion of Nursing Home costs yourself, you can save thousands on yearly premiums. If you can cover $30/day yourself, buy $70/day instead of $100/day.

Instead of buying a $100/day policy with unlimited benefits, with a 0-elimination period, take some time and look at your particular situation. Is it worth it to you to save thousands of dollars in insurance premiums to take a 60-day elimination period and 5 years in protection. Most Senior Advocates will tell you yes. Your chance of using the very expensive 0 elimination period and unlimited benefits is very small.

III *"I recommend insurance companies that pay me more."*

There are over 140 companies that now sell Long-Term Care insurance. As a smart consumer, you should be shopping around to make sure that you are getting the best buy for you. NEVER buy from the first person you talk to about insurance, including your regular insurance agent or financial planner.

Many salespeople will sell one or two companies policies only, instead of shopping around to find the best policy for you.

There are many reasons for this. One might be that they belong to a company that only allows them to sell for that company (these can be very expensive insurance policies). Another reason might be that the commission is higher with one company over another.

Always ensure that several companies have shopped your policy and that you know the exact reasons why the policy that is being recommended is the right one for you.

IV *"The company can raise the premium on your policy."*

And they probably will during the time you have your policy. Companies issuing Long-Term Care policies reserve the right to increase the premiums on a policy. The law allows an insurer to increase the premiums on a policy, subject to approval by the state insurance department, if it is an across-the-board increase and affects not just you but everyone in the state. Although rate increases must be filed with and approved by state insurance divisions, most states routinely approve them. Of the approximately 140 companies currently issuing policies, a few guarantee no premium increases for a select period of time, often three or five years, after issue of the policy but, thereafter, they have the right to request increases as well.

How then does one guard themselves against having their premiums cost go up and potentially causing the policy to lapse? Here are some suggestions:

1. Purchase a policy with a company that has at least 50,000 lives covered with long-term care insurance. The more lives covered, the greater the chances are that the "cash coming in" will offset any "cash going out" in the form of policy claims, making it less likely that company will need to have a rate increase.

2. Consider purchasing a policy that has a "paid up" provision. By choosing to pay in a one-time payment or over ten payments you are protecting yourself from future rate increases. Certainly, a policy with a paid-up provision will be more costly up front but may save you thousands down the road.

3. 3. Don't stretch one's finances so far when purchasing a policy that normal cost of living expenses or a nominal rate increase will cause you to have to drop your policy. A rule of thumb is premiums for Long-Term Care Insurance should not exceed 15% of a policyholder's income.

Approximately 40-80% of all long-term care policies issued lapse without the policyholder receiving any benefits, generally because the policyholders are no longer able to afford to keep paying the premiums due to a change in the finances of the policyholder or due to a rate increase by the insurance company which causes the policy to be more expensive than the policyholder can afford. Either way, the policyholder loses.

V *"This insurance company is new at this."*

Is your policy safe? Is the Insurance Company financially stable? Will they pay on a claim by you?

Fortunately, the Insurance Commissioners of all 50 states got together and formed rules a few years back that succeeded in removing many of the unscrupulous insurance companies from the Long-Term Care market.

However, with the big boom in Long-Term Care Insurance, some companies that shouldn't be, are coming back. It is up to Seniors to make sure that the company that they do business with is financially stable and able and willing to pay claims when they are made; maybe 20 years in the future.

How do you choose a company? Well, some of the things you should look for are their financial rating by AM Best and Standard & Poors. Also, make sure that they have been doing Long-Term Care Insurance for more than 7 years. Find out how many claims they have paid out over the years, the more the better.

The easiest way to accomplish this is to ask for this data from the salesperson and put the companies' data side by side and compare them.

VI *"What you don't know will hurt you."*

Not all policies are created equal. Policies come with many features. That is what makes Long-Term Care Insurance so complicated. Some of the things that you need to look at in a policy include, but are not limited to:

- Does the policy cover Hospice care?
- Does the policy cover Adult Day Care?
- Does it have a Bed Reservation clause?
- What kind of respite care is covered?
- What are the ADL's that are required for each type of benefit?
- Is your inflation protection simple or compounded?
- Does your policy offer case management?
- Does it have a look back period for existing conditions?
- Does it cover equipment cost?
- Is there a spousal discount?
- Does it have a clause so that a surviving spouse has paid up insurance?

All of these points can be important to you in case of a need for Long-Term Care. It is important to know whether the policy contains these conditions or not. Make sure you ask.

VII *"You can save 15% to 30% on all your insurance, without changing policies!"*

Did you know that there is a special I.R.S. Regulation that allows Seniors to cut the actual costs of all their Insurance's from 15% to 30% **WITHOUT CHANGING THEIR POLICIES?** Would you be better off if you could cut all your Insurance costs by that much and still keep your current policies and Insurance Agent?

Roughly, with all different kinds of Insurance you have, Home Owners, Auto, Life, Medi-Care Supplement, Long-Term Care, etc., how much money could you save yearly if you received an instant 15% to 30 % discount? Just think what kind of savings that could give you over the next 10 years!

VIII *"Your premiums are deductible... if you are unlucky."*

There has been a lot of hoopla about the Kennedy-Kassebaum bill that made qualified Long-Term Care policy premiums deductible. The fact is that very few people will be able to deduct their Long-Term Care premiums.

You see, in order to deduct your Long-Term Care premiums, your medical expenses have to exceed 7.5% of your adjusted gross income. There are two things that you need to consider about this figure. First, if your medical expenses exceed 7.5% of your AGI, you are probably not going to be able to afford $2,000 or $3,000 per year in Long-Term Care premiums. Second, if your medical expenses exceed 7.5% of your AGI, you are probably not healthy enough to be able to qualify medically for Long-Term Care Insurance. So, if you are healthy, you will probably not be able to deduct your premiums. In other words, count your blessings if you cannot deduct your premiums.

IX *"There is a simple way to compare Long-Term Care policies."*

How do you make a Long-Term Care decision? There are over 140 companies offering insurance. Each policy has a zillion options. How can you compare policies and make a good decision without having a nervous breakdown or wasting hours researching and studying?

In 1994, StrateCision, Inc. discovered that the County Workers and Senior Advocates across the country did not have the tools to assist Seniors with what is probably one of the most important decisions facing them; the decisions about Long-Term Care.

StrateCision put together computer software, designed to assist Seniors with their LTC decisions based on their particular age, sex, and health; and determine the probable costs and risks involved for them.

Also, more importantly, it allows an easy method of comparison of all company policies on an apples to apples comparison. This makes the job of choosing a policy to fit your particular needs a simple and easy one. I encourage you to seek out those who have this capability.

X *"Tell me how Medicaid Planning works to protect our assets."*

Medicaid Planning involves creating strategies that help the Senior legally manage assets and income streams so as to protect those assets and income streams from having to be used unnecessarily when faced with the need for long-term care.

Many people aren't aware that Federal guidelines permit them to position assets so that they become "unavailable" to the Medicaid agency and are not required to be "spent down" prior to qualifying for government assistance with catastrophic long-term expenses. How does this work? In other words, for some people, Long-Term Care Insurance may not even be appropriate. Work with a Senior advisor who is familiar with Medicaid Planning rules.

Work with an Agent who is:

- Dedicated specifically to the Senior market and committed to using every legal avenue available to help *you*, the client, protect your hard-earned assets.
- Knowledgeable about a wide range of long-term strategies. Many options exist to protect your assets and a well-versed agent should present you with at least two options for asset protection using long-term care insurance and two options that **do not** involve using long-term insurance.

The complexities of Medicaid law are daunting to most people. Rules vary from state to state, but Medicaid Planning offers a potentially useful option to Long-Term Care Insurance and other long-term care planning strategies for many, many people.

If the Long-Term Care "agent" you have talked to doesn't work exclusively with Seniors and, if the "agent" is not extremely familiar with how Medicaid Planning may help your family, then rest assured you are dealing with a "salesman", **not** a professional Senior advisor dedicated to giving you a comprehensive review of the best strategy for you to protect your estate.